

Paul says new version of education legislation deserves an 'F' *Congressman had supported measure until this week's sudden, tax-increasing changes*
FOR IMMEDIATE RELEASE:

Thursday, October 23, 1997

WASHINGTON, DC - Calling it "one more example of typical Washington games," US Representative Ron Paul (R-Surfside, Texas) has announced that because of major, last-minute, tax-increasing changes to the legislation, he is no longer able to support what was originally designed to give parents more control over their children's education. The new measure could come to a vote on the House floor as early as Thursday.

"This new measure claims to be a tool for parents, but in reality it is a tool for the tax-man," he said. "This legislation, HR 2646, will stealthily increase taxes, while masquerading as a way for parents to save for their children's education. I had worked hard to support the original version of this legislation even though it was much weaker than my own bill, the Family Education Freedom Act (HR 1816). This new measure, though, betrays us all: parents, children and taxpayers."

Paul was an original cosponsor of HR 2373, the Parents and Students Savings Account Plus Act, which would have allowed parents to save \$2,000 per year in special education accounts, the interest of which would not have been taxed as long as the funds were used to pay for education and related expenses. Paul said he felt the measure was weak because parents were not able to deduct the \$2,000 investment each year from their taxable income. However, earlier this week HR 2373 was pulled from consideration and replaced with HR 2646, the Education Savings Act for Public and Private Schools. The new measure has provisions similar to HR 2373, but adds language which will result in increased taxes on the cash-payouts of employee vacation days. The added measure was set in place to "off-set" and "pay for" the bill.

According to the Joint Committee on Taxation, this legislation will result in a \$66 million tax increase.

"This measure not only increases taxes, but it further expands an already burdensome tax code. I thought we Republicans were going to be scrapping the IRS and the tax code, not making it bigger. This legislation is a slap in the face to all parents, all employees and all employers. It is philosophically bankrupt to say there is a cost to government when people keep

their own money. If we are concerned about revenues versus expenditures, then let's cut expenditures, not increase taxes. We could cut the Department of Education, the Department of Labor, the Department of Commerce, the Department of Energy, or we could bring our troops home from Bosnia. We must not raise taxes."

Paul said he will continue to fight for his "true education relief" legislation, the Family Education Freedom Act. His measure will let parents keep their own money, and take up to \$3,000 per year per child in tax credits when they pay for education and education-related expenses such as tuition, books, computers and tutoring. His measure is applicable whether parents choose to place their children in public, private or home school settings.

"It is shameful that Congress is attempting to use children and the issue of education as a way to raise taxes. I refuse to take part in hoodwinking the American people."

Paul said he was uncertain who is to blame for the "bait-and-switch," but suggested that the fault lies fundamentally in a system which allows Congress to arbitrarily tax income behind an "oppressive and confusing" set of laws, rules and regulations.

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